

FLA Audit Profile	
Country	China
Factory Name	Wangjiang
FLA ID	Global Standards
Factory ID	00000000000000000000
FLA	Li Caihong, Inc., Nordstrom, Inc.
Number of workers	495
Document	China, Taiwan, Cambodia, Pakistan
Production processes	China, Taiwan, Cambodia, Pakistan

FLA Code/Compliance Issue	Country/Legal Reference	FLA Benchmark	Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Uncorroborated)	If Not Corroborated, Explain Why	Source/ Documentation	Notable Features	PC Remediation Plan	Target Completion Date	Company Follow Up	Documentation	Completed, Pending, Ongoing	Internal Date of Evidence		External Date of Evidence		External Verification Date		Company Follow Up		
														Documentation	Completed, Pending, Ongoing	Documentation	Completed, Pending, Ongoing	Documentation	Completed, Pending, Ongoing			
Personnel Management Personnel of color		FLA Principle of Monitoring, Obligation of Companies: Ensure that all Company facilities are used by contractors and suppliers in strict fair compliance with applicable laws and regulations, and through the posting of standards in a prominent place in the local language accessible to employees and managers and contractors. All efforts to include employees and contractors of all ethnicities in the workplace should be recorded on a regular basis.	All workers interviewed are not familiar with the code of conduct (COC)			Factory provides trainings on COC for workers	recent review, management interview						Completed	recent review, management interview	During a recent audit confirmed factory provides trainings on COC for workers	recent review, management interview						
Child Labor/Noncompliance Reporting Channel		FLA Principle of Monitoring, Obligation of Companies: Develop a secure communication channel to ensure Company employees and employees of contractors and suppliers to report the Company's non-compliance with the workplace standards, while ensuring they they are not arrested or penalized for doing so.					recent review, management interview		Workers' process of reporting safety concerns, violation/heat of complaint and no-prosecution for making complaints.				Pending									
FLA Forced Labor		FLA Principle of Monitoring, Obligation of Companies: Ensure that all workers are free from any form of forced labor, whether in the form of prison labor, indentured labor, slavery or otherwise.																				
Child Labor		No person will be employed at an age younger than 15 or 14 where the law of the country of manufacture allows such age to register the age.																				
Lack of Protection of Child Labor	Chinese Ministry of Labor or Housing Protection or Special Protection for Juvenile Workers (LAW No. 1484) SGB, Government Regulations Pertaining to Labor Laws, Ministry of Labor, China Labor Press, Government regulation of workers between 16 and 17 years of age. Specific rules of labor that will not be performed, parents' consent, and full medical conditions which shall be a basis for ending, suspend contract, identify, registered and arrange regular medical examinations. Child of 16-17 years old.	Employers will ensure that all workers engaged in operations or working conditions in hazardous equipment, working in dangerous heights or other hazardous levels, or reported to hazardous substances, are above the legal age for such work.			No policy on the protection of juvenile workers. Management reported that they do not have a policy, as they do not recruit juvenile workers		recent review, management interview		Management has corrected this issue by no longer hiring juvenile workers. Internal factory rules, regulations and employee handbook should be updated to include hiring policies for juvenile workers and educational requirements of juvenile workers. All notices that are legally required to be posted in the factory work areas will be posted. All legally required documents, such as copies of legal code of law, will be kept at the factory and available for inspection.	21/2007		Completed		Pending review of updated policies to ensure accuracy. Follow up will be needed.	During a recent audit confirmed workers' consent to be employed in hazardous work areas, as well as parents' written consent. Confirmed there are no juvenile workers employed at factory.	Employee handbook						
Other		There is a contradiction between factory regulation and worker handbook. Factory regulation, Article 3, Factory handbook, Article 8, factory three workers who are at least 16 years old.					recent review, management interview		Factory rules, regulations and employee handbook include policies to include policy regarding recruitment and labor. The rules that are legally required to be posted in the factory work areas will be posted. All legally required documents, such as copies of legal code of law, will be kept at the factory and available for inspection.	21/2007		Completed		Pending review of updated policies to ensure accuracy. Follow up will be needed.	During a recent audit confirmed workers' consent to be employed in hazardous work areas, as well as parents' written consent. Confirmed there are no juvenile workers employed at factory. Confirmed of regulations, rules and requirement information to be reviewed, posted and printed documentation.							
Personnel or Abuse		Personnel will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of any kind.					recent review, management interview		Disciplinary actions include oral warning and termination, that if workers violate any regulation, they will include written warnings. If they violate the same regulation again, they will be fired with no pay.	21/2007	28/2007	Completed		Factory has submitted the plan and progress for review. However, as Chinese New Year (CNY) holiday is approaching, with factory expected to have a high turnover rate after the new year, training to workers on new company policies will be conducted after the holiday.	During a recent audit confirmed management and updated disciplinary process and procedures. Factory offers progressive discipline procedure of oral warning, written warning, suspension and final termination. The inclusion of contract to workers on how to correct, report or challenge disciplinary action leading to termination. Workers and management confirmed only verbal and/or written warnings are used to correct employee's mistakes. No disciplinary action detected from factory's written regulations, payroll registers, or reported by any employees.	Disciplinary procedure review						
Other		Factory does not have a policy regarding harassment and abuse.					recent review, management interview		Factory rules, regulations and employee handbook include policies to include policy regarding recruitment and labor. The rules that are legally required to be posted in the factory work areas will be posted. All legally required documents, such as copies of legal code of law, will be kept at the factory and available for inspection.	21/2007		Completed		Pending review of updated policies to ensure accuracy. Follow up will be needed.	During a recent audit confirmed harassment and abuse policy has been revised and printed.	Employee handbook, factory regulations						
Other		In cases where disciplinary process results in termination, there is no policy to provide workers with an opportunity to reply, challenge or bring appeals against the termination.					recent review, management interview		Disciplinary actions include oral warning and termination, that if workers violate any regulation, they will include written warnings. If they violate the same regulation again, they will be fired with no pay.	21/2007	28/2007	Completed		Factory has submitted the plan and progress for review. However, as Chinese New Year (CNY) holiday is approaching, with factory expected to have a high turnover rate after the new year, training to workers on new company policies will be conducted after the holiday.	During a recent audit confirmed management and updated disciplinary process and procedures. Factory offers progressive discipline procedure of oral warning, written warning, suspension and final termination. The inclusion of contract to workers on how to correct, report or challenge disciplinary action leading to termination. Workers and management confirmed only verbal and/or written warnings are used to correct employee's mistakes. No disciplinary action detected from factory's written regulations, payroll registers, or reported by any employees.	Disciplinary procedure review						
Other		Factory regulation, Article 22 only states that factory can terminate workers for disciplinary process and other stated issues including violation process, process does, whether workers have an opportunity to reply, challenge or make appeals. Furthermore, if factory does not include more details in factory regulations, workers will not know understand, and usually no worker notice where to find the law or their own.					recent review, management interview		Employees will utilize progressive discipline, e.g., oral warning, written warning, suspension, termination. Any exceptions to this rule, e.g., immediate termination for theft or sexual abuse, shall be in writing and clearly communicated to workers. This will include communication to workers on how to correct, report or challenge disciplinary action leading to termination.	21/2007	28/2007	Completed		Factory has submitted the plan and progress for review. However, as Chinese New Year (CNY) holiday is approaching, with factory expected to have a high turnover rate after the new year, training to workers on new company policies will be conducted after the holiday.	During a recent audit confirmed management and updated disciplinary process and procedures. Factory offers progressive discipline procedure of oral warning, written warning, suspension and final termination. The inclusion of contract to workers on how to correct, report or challenge disciplinary action leading to termination. Workers and management confirmed only verbal and/or written warnings are used to correct employee's mistakes. No disciplinary action detected from factory's written regulations, payroll registers, or reported by any employees.	Disciplinary procedure review						
Discrimination/Harassment		Personnel will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retention on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinions or social or ethnic origin.																				
Accidents and Injury		Personnel will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer's facilities.																				
Personal protective equipment (PPE)	Factory health & Safety regulation PPE. Factory must provide appropriate PPE for worker.	Provision of and wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent occupational accidents and diseases in contact with various agents, noise, dust, etc. in hazardous elements including medical waste.					visual inspection		Workers did wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent occupational accidents and diseases in contact with various agents, noise, dust, etc. in hazardous elements including medical waste. Factory must have workers on how to use PPE and educate them on why wearing PPE properly is necessary.	12/2006	15/2007	Completed		Factory issues they have been completed, but need to increase photos and/or on-site visit to verify.	During a recent audit verified no violations were noticed and all are easily accessible.	factory tour						

FLA Code/Compliance Basis	Country Law/Legal Reference	FLA Benchmark	EIA Findings					Remediation		Status		Timeline (China Date of Follow-up)		Update (China Date of Follow-up)		Third Party Verification		Company/Investigator Follow-up		
			Non-compliance	Risk of Non-compliance	Evidence of Non-compliance (Uncorroborated)	If Not Corroborated, Explain Why	Source/Documentation	Notable Features	PC Remediation Plan	Target Completion Date	Company Follow Up	Documentation	Completed, Pending, Ongoing	Company Follow Up (March 15, 2007)	Documentation	Company Follow Up (November 9, 2007)	Documentation	External Verification (Date)	Documentation	Company Follow Up
Chemical Management	Health & Safety Regulation 46, Article 18. Materials should have clear Chinese label on container	All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable law. Workers should receive training appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances	No Chinese label on some of the chemical bottles.				Inspection	All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable law. Workers should receive training appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances	12/1/06	6/3/07	Completed	Factory states they have been corrected, but need to receive photos and/or on-site visit to verify.		During results, another compliance officer on non-compliance and stated. As per confirmed employees only concerns are resolved with training and all of them are wearing the provided personal protective equipment. All chemicals in use and storage are clearly labeled.						
Machinery Maintenance	Industrial safety regulation 432. Machinery should produce cover or guard for protection.	All production machinery and equipment that has maintained, properly guarded, and operated in a safe manner.	No protective cover at sewing machines.				Inspection	All production machinery and equipment should be maintained, properly guarded, and operated in a safe manner.	12/1/06	10/2/07	Completed	Factory states they have been corrected, but need to receive photos and/or on-site visit to verify.		During results, another compliance officer on non-compliance and stated. As per confirmed employees only concerns are resolved with training and all of them are wearing the provided personal protective equipment. All chemicals in use and storage are clearly labeled.						
Freedom of Association and Collective Bargaining																				
Employees will recognize and respect the right of employees to freedom of association and collective bargaining.																				
Wages and Benefits																				
Employees receive their wages as awarded to working employees' basic needs. Employees will pay employees, at a time, at least the minimum wage required by law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.																				
Wage Benefits Overview		Employees will communicate clearly and in writing to all management employees of worker's wages, overtime systems, benefits and bonuses to which all workers are entitled at that company and under the applicable law.					Inspection	Factory provides brochures on basic issues for workers.												
Wage and Benefits Paying		All workers that are legally required to be posted in the factory such areas will be posted. All legally required documents, such as copies of legal code of law, will be kept in the factory and available for inspection.	Other law is not posted throughout the factory.				Inspection, management interview	Some basic China Labor Law not posted, some factory regulations not clearly listed and/or repeated calling. The new method is a Chinese and English factory regulation book and China Labor Law not posted and made available to workers. There are a couple signs the factory posted. 1) and copy of China Labor Law to ensure all workers are informed and posted about legal information related to wage, work, benefits and health and safety. This should be a signed and stamped document in Chinese and English. Factory provided book of regulatory and 2) include China Labor Law in employee handbook and 3) include China Labor Law in employee handbook and 4) include China Labor Law in employee handbook. All notices that are legally required to be posted in factory such areas will be posted. All legally required documents, such as copies of legal code of law, will be kept in the factory and available for inspection.	11/20/07	28/2/07	Completed	Factory posted copy of China Labor Law on notice boards of each production floor. This will be verified in follow-up and after Chinese New Year.		During results, confirmed that the factory posted a copy of China Labor Law on notice boards of each production floor.						
Legal Benefits	Article 72, PRC Labor Code, the amount of social insurance fees shall be determined according to the employee's wages, and the employer shall pay the employee's share of the social insurance fees. The employer shall also pay the employee's share of the social insurance fees in accordance with the law.	Employers will provide all legally required benefits to all eligible workers.	Factory buys all 5 kinds of insurance for 150 worker but workers could get 68 workers.				Inspection, management and worker interview	Record review found there is no specific policy regarding how workers can enjoy paid sick leave.	11/20/07	28/2/07	Completed	Social insurance purchase will occur after Chinese New Year, as many workers tend to not leave and factory needs time to handle the administrative process. Will verify on-site during follow-up.		During results, social insurance receipts provided for review. As per records, all employees in the factory are covered by social insurance program. No relevant concern was detected regarding the benefits of employees.						
Payment of Wages	Article 15, Wage Payment Regulation, Article 15. Use must pay the wages at last day of termination of a resignation.	Wages must be paid in full and in a timely manner.	No other when workers quit, they should wait until the end pay date to get the wages.				Inspection, management and worker interview	Factory stated to workers a document for workers to sign to verify they are being paid for all days worked within the 15 days of their last day worked.	11/20/07	28/2/07	Completed	Factory stated to workers a document for workers to sign to verify they are being paid for all days worked within the 15 days of their last day worked.		During results, confirmed factory stated a document for workers to sign to verify they are being paid for all days worked within the 15 days of their last day worked. As per provided payment records, terminated employees are paid off on the 15th day after termination.						
Record Maintenance	Article 16, PRC Labor Code, employers must keep a record of all documents, contracts, and payments for at least 2 years.	Factory will keep records of termination or contract records for at least 2 years.	Factory only keeps records of termination or contract records for at least 2 years.				Inspection, worker interview	All legally required payroll documents, journals and receipts will be available to workers. All records will be kept in the factory and available for inspection.	11/20/07	28/2/07	Completed	Pending on the results after Chinese New Year for verification.		During results, another compliance officer on non-compliance and stated. As per confirmed employees only concerns are resolved with training and all of them are wearing the provided personal protective equipment. All chemicals in use and storage are clearly labeled.						
Working Hours																				
Employees will not be required to work more than the limit of 40 hours per week and 12 hours overtime per week on regular business days. Employees will not be required to work more than the limit of 48 hours per week and 12 hours overtime per week on regular business days. Employees will not be required to work more than the limit of 48 hours per week and 12 hours overtime per week on regular business days. Employees will not be required to work more than the limit of 48 hours per week and 12 hours overtime per week on regular business days.																				
Working Hours Overview	Article 41, PRC Labor Code, employees must get minimum agreement to provide working hours in order to meet production needs.	Under extraordinary business circumstances, employees will not be required to work more than 48 hours per week and 12 hours overtime per week on regular business days.	Workers handbook, Article 20, Working Day in factory and 12 hours per day, working hours exceeding these 48 hours will be reported as OT. Factory requires OT, workers must work OT accordingly.				Inspection, management and worker interview	Management explained that when they visited workers' handbook, they would tell workers that the article was outdated and that all working time exceeding 48 hours will be reported as OT. They stated that the working hours exceeding 48 hours will be reported as OT. Workers said that working hours exceeding 48 hours would be reported as OT, and they could work for 48 hours if they had reasonable cause.	12/1/06	28/2/07	Completed	Factory stated to workers a document for workers to sign to verify they are being paid for all days worked within the 15 days of their last day worked.		During the in-visit the worker confirmed that factory's working hours regulations and employee handbook updated to include policy that working overtime hours in voluntary. Another compliance officer confirmed that all workers in voluntary.						
Overtime Limitations	Article 41, PRC Labor Code, working hours will not exceed working hours as mandated by the production or business operations after consultation with the trade union and laborers, but not exceed more than per day and generally not exceed 1 hour. Each worker in each country shall not exceed 12 hours overtime per day. However, total overtime in month shall not exceed 36 hours. According to Regulations about Employee Work Time by State Department, Article 1, 1997, Article 40, Employees shall work 40 hours per week, overtime to not exceed 36 hours per month.	Employees will not be required to work more than 48 hours per week and 12 hours overtime per week on regular business days. Employees will not be required to work more than 48 hours per week and 12 hours overtime per week on regular business days.	Many workers worked around 60 hours a week last December. Most workers worked around 60 hours for a week in January. Most workers worked 70-80 hours for 1 week this March. Most workers worked 70-80 hours for 1 week in April. Most workers worked 70-80 hours for 1 week in May. Most workers worked 70-80 hours for 1 week in June. Most workers worked 70-80 hours for 1 week in July. Most workers worked 70-80 hours for 1 week in August. Most workers worked 70-80 hours for 1 week in September. Most workers worked 70-80 hours for 1 week in October. Most workers worked 70-80 hours for 1 week in November. Most workers worked 70-80 hours for 1 week in December.				Inspection, management and worker interview	Equal in extraordinary business circumstances, employees will not be required to work more than 48 hours per week and 12 hours overtime per week on regular business days. Employees will not be required to work more than 48 hours per week and 12 hours overtime per week on regular business days. Employees will not be required to work more than 48 hours per week and 12 hours overtime per week on regular business days. Employees will not be required to work more than 48 hours per week and 12 hours overtime per week on regular business days.	11/20/07	28/2/07	Ongoing	Continuous improvement needed to see gradual reduction of OT hours worked. Will follow up after Chinese New Year.		During the results, another compliance officer on non-compliance and stated. As per confirmed employees only concerns are resolved with training and all of them are wearing the provided personal protective equipment. All chemicals in use and storage are clearly labeled.						
Voluntary OT		Employees will not be required to work more than 48 hours per week and 12 hours overtime per week on regular business days. Employees will not be required to work more than 48 hours per week and 12 hours overtime per week on regular business days.	No written policy or signed working OT exceeding limits allowed in voluntary. All management and workers all reported that they didn't want to work OT. They could only get appearance, which would affect attendance bonus.				Inspection, management and worker interview	Factory stated, regulations and employee handbook should be updated to include policy regarding working overtime hours in voluntary. All notices that are legally required to be posted in factory such areas will be posted. All legally required documents, such as copies of legal code of law, will be kept in the factory and available for inspection.	12/1/06	28/2/07	Completed	Factory stated to workers a document for workers to sign to verify they are being paid for all days worked within the 15 days of their last day worked.		During the in-visit, another compliance officer on non-compliance and stated. As per confirmed employees only concerns are resolved with training and all of them are wearing the provided personal protective equipment. All chemicals in use and storage are clearly labeled.						

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	EIA Findings					Remediation				Status		Updated (On Date of Follow up)		Third Party Verification		Company Investigation Follow-up		
			Non-compliance	Risk of Non-compliance	Evidence of Non-compliance (Uncorroborated)	If Not Corroborated, Explain Why	Sources/ Documentation	Notable Features	PC Remediation Plan	Target Completion Date	Company Follow Up	Documentation	Completed, Pending, Ongoing	Company Follow Up (March 15, 2007)	Documentation	External Verification (Date)	Documentation	Company Follow Up	Documentation	
<p>In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or in those countries where such have not been set in force at that time for that regular hours compensation rate.</p> <p>FLA Code: Compensation</p>																				
<p>FLA Code: Reporting of Overtime Hours worked?</p>	<p>Guangdong wage payment regulation Article 4: "Wage calculation is according to the actual working hours."</p>	<p>Employees will be paid for all hours worked in a business. Calculation of hours worked must include all time that the employee spends or requires the employer to work.</p>			<p>Factory calculated OT hours according to OT hours set in advance, not actual OT hours recorded in time cards. For example, 1 worker reported time card at 17:00pm and then left at 22:00h. Actual OT hours provided department is from 18:30pm to 22pm, so accounting department input actual OT hours as 3.5 hours, not 5 hours recorded in time card. The management reported that because some workers would go to production plants to chat while not at work, it is not realistic to count the time as OT hours. According to factory's time, employees received OT hours in time cards and played it several hours, and such case was happened to some workers. Workers said that they did not go to work before set time.</p>	<p>Local union, management and worker interview</p>		<p>Factory to submit plan to 12012006. Employees will be paid for all hours worked in a business. Calculation of hours worked must include all time that employee spends or requires the employer to work. Factory must calculate OT hours according to actual OT hours recorded on time cards, not pre-determined OT hours set by factory. All OT premium must be calculated based on actual OT hours.</p>	12/1/2006	2/9/2007		Completed	<p>Pending review of plant processes to ensure accuracy. Follow up will be needed.</p>	<p>During results, neither confirmed that a working time card system is used for recording working hours. The production records, established working hours are from 8:00am to 5:30pm with 1.5 hour extra time between 12:00pm and 1:30pm. Monday through Friday, 10 provided payroll records as recorded on the payroll department file, name, regular working hours, regular wage, regular overtime hours, overtime working hours, statutory holiday overtime hours, regular wage, overtime working hours, overtime compensation, total wage, etc. Production records, including: production, all night and employee signatures. In addition, employees complained at 150% and 200% of normal wage for overtime hours on regular days and rest days, respectively.</p>	time record					
<p>OT Compensation Assessment</p>		<p>Workers shall be informed about overtime compensation rates, by printed printed notice.</p>			<p>Some workers reported that they did not know how to calculate OT wages.</p>	<p>Local union, management and worker interview</p>														